

**STATE OF INDIANA  
OFFICE OF MEDICAID POLICY AND PLANNING**

**2006 – 2007 Budget Forecast Update  
(April Forecast)**

*April 11, 2005*

## Appendix A

INCURRED FORECAST: FY 2002 - FY 2007 MEDICAID AND CHIP PROGRAMS April 2005 Forecast - Submitted with Data through February 2005 (State and Federal Dollars in Millions)											
	Incurred Claims Basis										
EXPENDITURES	FY 2002	Growth	FY 2003	Growth	FY 2004	Growth	FY 2005	Growth	FY 2006	Growth	FY 2007
<b>Non-Long Term Care Services</b>											
Hospital -- Inpatient and Outpatient	\$575.0	(10.0%)	\$517.6	6.3%	\$550.3	(8.1%)	\$505.9	(21.7%)	\$396.0	(5.4%)	\$374.6
Inpatient Psychiatric	35.1	5.8%	37.1	13.8%	42.2	5.0%	44.3	11.6%	49.5	10.8%	54.8
Drugs	635.6	0.3%	637.8	13.4%	723.4	8.3%	783.2	(7.1%)	727.9	(3.3%)	704.2
Physician Services	222.2	(8.8%)	202.6	8.8%	220.3	(1.4%)	217.2	(27.3%)	157.9	(4.7%)	150.6
Lab and X-ray Services	32.4	(5.5%)	30.6	10.4%	33.8	(3.4%)	32.6	(20.5%)	25.9	(3.2%)	25.1
Dental	124.0	5.7%	131.0	(2.0%)	128.4	8.9%	139.8	10.9%	155.0	10.7%	171.6
Home Health Services	52.9	(0.9%)	52.4	14.9%	60.2	23.0%	74.1	6.8%	79.1	3.8%	82.1
Mental Health Services	40.1	4.5%	41.9	9.7%	46.0	4.5%	48.1	9.6%	52.7	9.7%	57.8
Other Services	194.6	5.2%	204.8	(0.8%)	203.3	9.0%	221.7	(10.8%)	197.6	2.9%	203.5
<b>Subtotal - Non-LTC</b>	<b>1911.9</b>	<b>(2.9%)</b>	<b>\$1,855.9</b>	<b>8.2%</b>	<b>\$2,007.9</b>	<b>2.9%</b>	<b>\$2,067.0</b>	<b>(10.9%)</b>	<b>\$1,841.7</b>	<b>(0.9%)</b>	<b>\$1,824.3</b>
<b>Capitation Payments and PCCM Fees</b>											
Capitation Payments	\$222.8	66.3%	370.6	20.1%	445.2	30.7%	582.1	69.5%	986.9	22.2%	1,205.8
PCCM Fees	11.0	(24.6%)	8.3	19.2%	9.9	(6.2%)	9.3	(57.8%)	3.9	(33.2%)	2.6
<b>Subtotal - Other Non-LTC Payments</b>	<b>\$233.8</b>	<b>62.0%</b>	<b>\$378.9</b>	<b>20.1%</b>	<b>\$455.1</b>	<b>29.9%</b>	<b>\$591.4</b>	<b>67.5%</b>	<b>\$990.9</b>	<b>22.0%</b>	<b>\$1,208.4</b>
<b>Total Non-LTC Payments</b>	<b>\$2,145.7</b>	<b>4.1%</b>	<b>\$2,234.8</b>	<b>10.2%</b>	<b>\$2,463.1</b>	<b>7.9%</b>	<b>\$2,658.4</b>	<b>6.6%</b>	<b>\$2,832.5</b>	<b>7.1%</b>	<b>\$3,032.7</b>
<b>Long Term Care &amp; Waiver Services</b>											
Nursing Facility	\$845.4	(7.9%)	778.7	0.9%	785.9	1.1%	794.4	0.6%	799.2	(1.1%)	790.6
ICF/MR	333.4	2.2%	340.8	(1.6%)	335.2	(0.3%)	334.4	(6.4%)	312.9	1.0%	316.0
Small Group / Private Facilities	245.3	(0.5%)	244.0	(2.2%)	238.6	1.5%	242.2	2.0%	247.1	1.5%	250.9
State Facilities	88.1	9.8%	96.8	(0.2%)	96.6	(4.6%)	92.2	(28.6%)	65.9	(1.0%)	65.2
Waivers (including Case Management Services)	173.1	69.0%	292.5	38.5%	405.0	12.0%	453.7	12.2%	509.0	9.5%	557.5
OMPP	108.5	29.2%	140.2	26.9%	178.0	11.3%	198.0	11.0%	219.8	10.2%	242.3
DDARS	64.6	135.7%	152.3	49.1%	227.1	12.3%	255.0	12.5%	287.0	8.8%	312.3
DMHA							0.7	212.5%	2.2	33.3%	2.9
<b>Subtotal - LTC &amp; Waiver</b>	<b>\$1,351.9</b>	<b>4.4%</b>	<b>\$1,412.0</b>	<b>8.1%</b>	<b>\$1,526.2</b>	<b>3.7%</b>	<b>\$1,582.5</b>	<b>2.4%</b>	<b>\$1,621.0</b>	<b>2.7%</b>	<b>\$1,664.1</b>
<b>Medicare Buy-In</b>	<b>\$68.3</b>	<b>15.1%</b>	<b>\$78.7</b>	<b>23.4%</b>	<b>\$97.0</b>	<b>25.9%</b>	<b>\$122.2</b>	<b>22.5%</b>	<b>\$149.7</b>	<b>22.5%</b>	<b>\$183.4</b>
<b>HCI</b>	<b>48.3</b>	<b>4.6%</b>	<b>50.6</b>	<b>5.0%</b>	<b>53.1</b>	<b>5.1%</b>	<b>55.8</b>	<b>(100.0%)</b>	<b>0.0</b>	<b>0.0%</b>	<b>0.0</b>
<b>Disproportionate Share Payments</b>	<b>147.2</b>	<b>(28.3%)</b>	<b>105.5</b>	<b>(10.7%)</b>	<b>94.2</b>	<b>(0.6%)</b>	<b>93.7</b>	<b>2.4%</b>	<b>95.9</b>	<b>2.3%</b>	<b>98.1</b>
<b>Rebates and Collections</b>	<b>(\$167.5)</b>	<b>(0.3%)</b>	<b>(\$167.0)</b>	<b>15.8%</b>	<b>(\$193.4)</b>	<b>22.5%</b>	<b>(\$237.0)</b>	<b>(21.8%)</b>	<b>(\$185.3)</b>	<b>(28.8%)</b>	<b>(\$131.9)</b>
<b>Mental Health Rehab</b>	<b>186.9</b>	<b>14.6%</b>	<b>214.2</b>	<b>16.5%</b>	<b>249.5</b>	<b>11.5%</b>	<b>278.1</b>	<b>11.3%</b>	<b>309.6</b>	<b>6.4%</b>	<b>329.3</b>
<b>ARCH</b>	<b>5.2</b>	<b>6.7%</b>	<b>5.5</b>	<b>0.0%</b>	<b>5.5</b>	<b>0.0%</b>	<b>5.5</b>	<b>0.0%</b>	<b>5.5</b>	<b>0.0%</b>	<b>5.5</b>
<b>Psychiatric Residential Treatment Facilities</b>					<b>1.5</b>	<b>967.2%</b>	<b>16.5</b>	<b>87.5%</b>	<b>30.9</b>	<b>12.5%</b>	<b>34.7</b>
<b>Total Expenditures (State and Federal)</b>	<b>\$3,786.1</b>	<b>3.9%</b>	<b>\$3,934.2</b>	<b>9.2%</b>	<b>\$4,296.7</b>	<b>6.5%</b>	<b>\$4,575.6</b>	<b>6.2%</b>	<b>\$4,859.8</b>	<b>7.3%</b>	<b>\$5,216.0</b>
Medicaid Assistance (Incl. ARCH)	3,718.1	3.8%	3,859.5	9.1%	4,212.5	6.4%	4,480.3	6.0%	4,750.9	7.2%	5,094.9
CHIP Assistance	68.0	9.9%	74.7	12.7%	84.2	13.2%	95.3	14.3%	108.9	11.2%	121.2
<b>Total Expenditures (State Share)</b>	<b>1,431.0</b>	<b>1.8%</b>	<b>1,456.8</b>	<b>2.2%</b>	<b>1,488.3</b>	<b>14.0%</b>	<b>1,697.4</b>	<b>5.4%</b>	<b>1,789.4</b>	<b>8.2%</b>	<b>1,935.4</b>

## Notes:

1. Other Non-LTC services includes DME, Transportation, Chiropractor, Hospice, Optometry, Dialysis Targeted Case Management and Other services.
2. Rebates and Collections includes third party liability recoveries, prescription drug rebates (OBRA '90 and supplemental), and Package C and MedWorks premiums
3. The OBRA '90 pharmacy rebate was increased from 21% to 23.2% starting in SFY2005.
4. A separate account was created for HCI funds per IC12-15-20-2. Payments associated with this line item will now come directly from that account
5. Federal fiscal relief impacts SFY 2003 and SFY 2004. Additional federal matching of 3.02% from April 2003 - September 2003 and 2.95% from October 2003 - June 2004.

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**APPENDIX B - FUNDING SOURCES: SFY 2004 - SFY 2005**

**MEDICAID AND CHIP PROGRAMS**

(State Dollars in Millions)

	<b>SFY '04</b>		<b>SFY '05</b>
<b>Incurred Forecast - State Share</b>	<b>1,488.3</b>		<b>1,697.4</b>
<b>Interfund Transfers</b>			
HCI Fund Transfer	(\$41.4)		(\$42.5)
Med. Indigent Care Trust Fund	(\$25.0)		(\$25.0)
CHIP Transfer	(\$22.1)		(24.9)
<b>Div. Disability, Aging and Rehab Services</b>			
<i>Group Home Day Services</i>	(\$7.4)		(\$7.4)
<i>In-Home Services (CHOICE)</i>	(\$5.6)		(\$6.5)
<i>Developmentally Disabled Client Services</i>	(\$85.2)		(70.4)
<b>Division of Mental Health</b>			
<i>Community Mental Health Rehab Option</i>	(\$84.4)		(103.8)
<i>Seriously Emotionally Disturbed</i>			(0.3)
<i>State Institution DSH Transfers</i>	(\$38.8)		(\$35.0)
<b>Division of Family and Children</b>			
<i>Psychiatric Residential Treatment Facilities</i>			(6.7)
DOE Transfer	(\$2.4)		(\$3.0)
Medicaid ICF/MR Assessment Account	(\$10.0)		(\$13.1)
County Medical Assistance to Wards	(\$9.5)		(\$9.8)
<b>Interfund Transfers</b>	(\$331.7)		(\$348.3)
<b>Revenue (One-Time and Ongoing)</b>	(\$26.6)		(\$15.2)
<b>Cash/Incurred Adjustment</b>	\$5.5		(\$7.0)
<b>Fiscal Relief FFP<sup>1</sup></b>	(\$30.1)		
<b>Forecasted Expenditures - Medicaid GF Assistance</b>	\$1,105.4		\$1,326.9
<b>GF Appropriation</b>	\$1,209.6		\$1,209.6
<b>Shortfall/Surplus</b>	\$104.2		(\$117.3)
<b>Carryover from FY03</b>	\$26.7		
<b>Reversion to General Fund</b>	<b>\$130.9</b>		

to administrative procedures associated with the new law. The SFY '04 one-time federal fiscal relief is incorporated in Soldiers and Sailors. Although those would be additional expenditures and would increase overall Medicaid shown assume that all revenue sources will be collected and available in the fiscal year. To the extent that payments are

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**APPENDIX B - FUNDING SOURCES: SFY 2006 - SFY 2007**

**MEDICAID AND CHIP PROGRAMS**

(State Dollars in Millions)

	SFY '06		SFY '07
<b>Incurred Forecast - State Share</b>	<b>1,789.4</b>		<b>1,935.4</b>
<b><i>Interfund Transfers</i></b>			
HCI Fund Transfer	(\$21.7)		(\$21.7)
CHIP Transfer	(28.3)		(31.7)
<b>Division of Disability, Aging and Rehab Services</b>			
<i>Group Home Day Services</i>	(\$7.4)		(\$7.4)
<i>In-Home Services (CHOICE)</i>	(\$6.7)		(\$7.0)
<i>Developmentally Disabled Client Services</i>	(106.4)		(116.7)
<b>Division of Mental Health and Addictions</b>			
<i>Community Mental Health Rehab Option</i>	(114.8)		(123.1)
<i>Seriously Emotionally Disturbed</i>	(0.8)		(1.1)
<i>State Institution DSH Transfers</i>	(\$35.7)		(\$36.8)
<b>Division of Family and Children</b>			
<i>Psychiatric Residential Treatment Facilities</i>	(11.4)		(13.0)
DOE Transfer	(\$3.8)		(\$4.4)
Medicaid ICF/MR Assessment Account	(\$15.6)		(\$15.7)
County Medical Assistance to Wards	(\$14.1)		(\$14.2)
<b>Interfund Transfers</b>	(\$366.5)		(\$392.6)
<b>Cash Adjustment</b>	(\$11.9)		(\$16.0)
<b>Forecasted Expenditures - Medicaid GF Assistance</b>	<b>\$1,411.0</b>		<b>\$1,526.8</b>
<b>Proposed GF Appropriation</b>	<b>\$1,397.1</b>		<b>\$1,467.0</b>
<b>Surplus/(Shortfall)</b>	<b>(\$13.9)</b>		<b>(\$59.8)</b>

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**State of Indiana**  
**Office of Medicaid Policy and Planning**  
**Fiscal Year End Enrollment Summary**  
**(data through February 2005 )**

Population	Eligible Members										
	June 2002	% Increase	June 2003	% Increase	June 2004	% Increase	June 2005	% Increase	June 2006	% Increase	June 2007
Aged	56,403	1.0%	56,969	-0.6%	56,617	0.6%	56,950	0.8%	57,377	1.0%	57,950
Blind & Disabled (Non-Dual)	56,236	8.9%	61,259	3.8%	63,594	2.8%	65,402	4.0%	68,019	-8.2%	62,446
Blind & Disabled (RBMC)	6	66.7%	10	-60.0%	4	-100.0%	-	0.0%	-	0.0%	8,293
Blind & Disabled (Dual)	30,921	9.8%	33,966	7.8%	36,604	5.4%	38,564	5.5%	40,685	5.5%	42,922
<b>Total Aged, Blind &amp; Disabled</b>	<b>143,566</b>	<b>6.0%</b>	<b>152,204</b>	<b>3.0%</b>	<b>156,820</b>	<b>2.6%</b>	<b>160,916</b>	<b>3.2%</b>	<b>166,080</b>	<b>3.3%</b>	<b>171,612</b>
Partials - Aged	8,736	-5.7%	8,238	4.6%	8,613	11.2%	9,576	75.2%	16,775	64.7%	27,632
Partials - DAB Dual	8,469	-2.2%	8,283	12.9%	9,350	20.8%	11,294	7.5%	12,141	5.0%	12,748
<b>Total Partials</b>	<b>17,205</b>	<b>-4.0%</b>	<b>16,521</b>	<b>8.7%</b>	<b>17,963</b>	<b>16.2%</b>	<b>20,870</b>	<b>38.6%</b>	<b>28,916</b>	<b>39.6%</b>	<b>40,380</b>
TOTAL TANF & CHIP											
Adults	83,941	11.2%	93,380	8.1%	100,956	4.4%	105,425	4.5%	110,169	4.0%	114,576
Children	424,223	-1.1%	419,417	5.0%	440,296	3.2%	454,527	3.5%	470,435	3.3%	485,724
CHIP I	41,046	10.2%	45,247	5.7%	47,838	7.7%	51,521	5.0%	54,097	3.5%	55,990
CHIP II	10,021	38.9%	13,918	15.6%	16,087	28.3%	20,645	16.0%	23,948	12.5%	26,941
Mothers	20,812	7.5%	22,381	4.6%	23,413	3.5%	24,233	3.5%	25,081	2.0%	25,583
<b>Total TANF &amp; CHIP</b>	<b>580,043</b>	<b>2.5%</b>	<b>594,343</b>	<b>5.8%</b>	<b>628,590</b>	<b>4.4%</b>	<b>656,350</b>	<b>4.2%</b>	<b>683,730</b>	<b>3.7%</b>	<b>708,814</b>
<b>TOTAL</b>	<b>740,814</b>	<b>3.0%</b>	<b>763,068</b>	<b>5.3%</b>	<b>803,373</b>	<b>4.3%</b>	<b>838,136</b>	<b>4.8%</b>	<b>878,726</b>	<b>4.8%</b>	<b>920,807</b>

**Note:**

1. The enrollment forecast does not include the effects of the Medicare Modernization Act. It is anticipated that the number of enrollees will increase for the Dual eligible populations (Aged, Blind & Disabled, and Partial eligibles).

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**STATE OF INDIANA**  
**OFFICE OF MEDICAID POLICY AND PLANNING**  
**Reconciliation of April 2005 Forecast to December 2004 Forecast**  
**(State Dollars in millions)**

	<b>FY2006</b>	<b>FY2007</b>
<b>Total Medicaid Assistance - December 2004 Incurred Forecast</b>	<b>\$1,881.2</b>	<b>\$2,087.0</b>
<b>Cost Containment</b>		
Eliminate Double Payment First Steps Services	(2.2)	(2.2)
Eliminate Chiropractic Services	(1.1)	(1.2)
Remove Physician Fee Schedule Increase	(13.4)	(15.1)
Decrease Dispensing Fee from \$4.90 to \$2.00	(3.6)	(4.7)
0% Increase on Nursing Homes; 3% Increase in ICF/MR	(7.3)	(20.2)
Move Medicaid Select population to RBMC in Central Region on July 1, 2006		(4.0)
Statewide Managed Care by November 1st (Hoosier Healthwise)	(8.9)	(11.5)
Waivers	(11.3)	(20.6)
<b>Cost Containment Sub-Total</b>	<b>(47.8)</b>	<b>(79.5)</b>
<b>Actuarial Changes to Projection</b>		
LTC – Nursing Home Adjustment	(\$11.9)	(\$18.3)
ICF/MR	(0.6)	(1.2)
Waivers (DDARS & OMPP)	(5.8)	(5.2)
Non-LTC Cost/Utilization Adjustment	(7.3)	(12.9)
Non-LTC Enrollment Adjustment	(13.9)	(25.7)
Mental Health Rehab Option	(4.6)	(8.7)
<b>Total Actuarial Changes to Projection</b>	<b>(\$44.0)</b>	<b>(\$72.0)</b>
<i>Total Reductions to December 14th Forecast</i>	<i>(\$91.8)</i>	<i>(\$151.6)</i>
<b>Total Medicaid Assistance – Final SFY 06/07 Incurred Forecast</b>	<b>\$1,789.4</b>	<b>\$1,935.4</b>

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